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RELATIONSHIPS AMONG SECTORS AND PREFERENTIAL DEVELOPMENT OF CERTAIN SELECTED SECTORS

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Relationships among Sectors and Preferential Development of Certain Selected Sectors.

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I. The planning of the development and changes in the structure of social output and the role of structural analysis.

(1) In drawing up long-term plans for the development of the national economy, the determination of changes in the structure of social output and the selection of appropriate instruments for measuring and analyzing these changes are of exceptional importance. The investigation of changes in the structure of social output and their planned development are one of the basic approaches to the solution of the complex problems of economic progress. The essence of this approach consists in the focusing of attention on the set-up of the total social output from the point of view of use-value and the search for optimal possibilities of the deployment of social production in the process of confronting certain structures of use-values, of which the social output consists, with the corresponding structure of social needs, and in making sure that both these aspects are materially linked. Stated in general terms, the problem of economic progress, like that of its degree of intensity, are solved in connection with the question of priorities in national economy and are concentrated on the task of making sure that

(a) the planned development of output, its rate and structure shall make it possible to satisfy a certain, objectively given structure of material and cultural needs of society,

(b) this development and the desired structure of social output shall be achieved by an optimal use of resources that are at the disposal of the society.

Factors affecting the changes in the structure of social output.

(2) A certain structure of national economy is primarily and to a large degree determined by its natural conditions, such as raw material resources and climate, further by its development and the degree of utilizing the factors of economic development hitherto.

(3) The changes in structure of social output are then influenced by the following basic factors:

(i) the changes in the structure of the financial needs of society which are necessarily reflected in the structure of production

(ii) the technical progress of production and of its basis which makes special demands on the development of individual branches / chemistry, the structure of engineering, electrotechnics, etc./

(iii) the linking of a certain economy with international division of labour and the role of foreign trade in that economy

(iv) the mutual influence of all these factors. All these are simultaneously affected by a series of other factors emanating from the concrete political-economic situation which to a large extent influence the purely economic factors of development.

Changes in the structure of social output from the point of view of the criteria of efficiency of the development of social output.

(4) The task of appraising the efficiency of the t o t a l social output can arise only when and where there is a single, common aim in society, where the development of production is directed towards meeting all social needs and where it is possible, for the attainment of this aim, to concentrate in common hands all the necessary resources / financial and material /, and to organize centrally the fulfilment of these aims. In general, one may characterize as the most efficient such a development of social output which makes possible an all-round satisfaction of social needs with the least expenses on labour, or to express it better / since the needs of society always develop prior to the possibilities of their satisfaction / the maximum utilization of all the resources of society for ensuring that its needs are met. This definition of the criteria of the efficiency of social output is too general to assist us in finding the proper instruments and methods for determining it. The problem consists in the fact that the needs of society must always be considered dynamically and in their reciprocal action on output. Statically the problem of measuring the efficiency of social output would appear simply as a possibility of determining a certain volume and structure of social needs and the selection of such a mode of production that would ensure these needs with minimal expenses on social labour. In fact there exist in present-day highly-developed society an infinite number of degrees by which the production of final use-values is linked with the preceding phases of production, and at each moment and each stage of planning the production of final use-values, that correspond to the needs of society, appears as a relatively independent complex which is in a certain antithesis to the preceding phases of production. The solution of this antithesis, which is generally reflected as an antagonistic relation between accumulation and consumption in each planning period, presents the greatest difficulty in long-term planning. When considering this time factor, whose influence depends on the complexity of the structural branches of national economy on the one hand, and the length of the planning period on the other,

the criterium of efficiency appears even in a more general sense. Most efficient is such a developmentof the national economy that ensures its speediest all-round progress. Within the frame of this most general determination of efficiency, which as a whole cannot be easily measured quantitatively, it is necessary to specify the individual tasks that will ensure the achievement of the most common aims. Thus we arrive to a point at which it is necessary to investigate and determine relatively independently the two basic phases of the reproduction cycle, namely output and consumption, or from a long-term view accumulation a consumption, and to find between these two complexes the causal links, aspecially in their development.

The intensity of structural changes in national economy.

(5) The experiences of more than fifteen years of planning the national economy of the Czechoslovak Socialist Republic demonstrate how under the conditions of attaining rapid and fairly even rates of development in the national economy / long-term annual increases of about 8 % in the national income / considerably profound structural changes occur that are characterized first of all by a growth in the share of industry in the total social output, further by the increase in the share of that industry which produces instruments of production. The intensity of these structural changes is, however, considerably lower than that of the total development. For instance, in the period from 1950 to 1960 the output in engineering branches grew by 364 %, while its weight in the total industrial production increased by 68,3 % / from a 20,1 % share of the total industrial output to 33,9 % /. This fact must be borne in mind especially as any, even the slighest, change in the structure of national economy, involves the necessity of switching over the material and financial resources as well as those of manpower. The deeper these structural changes, the greater the switch-over, and the more precise should therefore be the instruments and methods for their carrying out to prevent losses of efficiency in expending social labour during these changes.

II. Instruments for ensuring a planned progress and changes in the structure of social output.

The method of balancing as the basic instrument for harmonizing the resources and needs of society.

(6) The long experience in planning in Socialist countries has considerably improved this instrument for ensuring priorities in the national economy. It is a basic instrument that makes it possible to confront output and its use, and prevents the danger of occurrence of disproportions and of a spontaneous development of production. In the practice of planning a certain, well-founded system of balance relations has been developed, namely both analytical, physical and synthetic, value indexes that express the

basic priorities in national economy. This system of accounting links is further elaborated according to the needs and for the use of the individual levels of direction /enterprises, ministries, regional and central organs of economic planning /. In recent years, especially in connection with the initiation of work on long-term plans of economic development greater prominence that even before is given to the task of ensuring not only the quantitative relations between production resources which form one part of the balance / output, import, drawing from stocks / and its use / the second part of the balance of production: its use for consumption in industry, for investments, for consumption by the population, export, etc./, but also of the qualitative aspect of these relations, that is to base the accounting links on optimal standards of consuming the output. The creation of a system of these qualitative indexes simultaneously provides the essentials for determining the optimal priorities in national economy. In addition to the creation of a system of accounting links on the basis of qualitative indexes / standards / there arises a need for building this system of relations to a sufficient depth / the structure of use-values / and in the mutual linking of quantitative and qualitative relations differentiated according to the necessary nomenclature. Experiences point to the fact that global value indices and analytical physical balances in themselves cannot provide a sufficient means for ensuring the priorities in a plan for the national economy, but that it is necessary to search for a method of the most efficient mutual linking of these indices. From this point of view increasing importance is acquired by the structural balancing of inter-sectoral relations.

Application of the input-output technique for analyzing the needs of the national economy and the factors affecting the development of the structure of social production.

(7) Structural balances render the accounting method of economic analyses and of the plan more profound as they make for a closer and s y s t e m a t i c successive linking of the individual items of the creation and utilization of social output according to the required nomenclature. The chief advantage of this systematic procedure consists in the fact that it makes possible the application of higher calculation technique and mathematical means. We thus gain a qualitatively new instrument for analyses by which it is possible to project the changes in a certain sector of national economy into a complete system of indices and in this way to evaluate the complex effect of these changes. This makes it also possible to solve such problems as the securing of social needs in a given structure of use-values by a corresponding volume of final output, and further consequently to this, to make sure that the sectors of final production are equipped with the necessary productive means, that means again by production in the successively linked sectors. Further it is possible to solve these inter-relations in different

variants and by their comparison to search for and select certain favourable solution from the point of view of economies in social labour and other resources used. The advantages of this instrument will become more prominent as the technique of managing socialist society will become more profound, the system and collection of information perfected and their evaluation with the aid of technically perfect means more extended. It will become an indispensable instrument for checking priorities, for carrying out operative rapid changes and various transfers of means in the process of realizing economic aims. The systematic character, which is the main advantage of this system of accounting links, is of paramount importance during the solution of the above-mentioned tasks. It should, however, be borne in mind that for planning purposes one has to proceed from thorough data the procurement of which is immensely laborious. This requires the establishment of a perfect system of organs of national accounting from enterprises to supreme economic organs and the organization of the evaluation and aggregation of the necessary data from the point of view of the needs of the individual levels of management of the national economy. It is necessary to take into consideration that structural analyses carried out at the individual levels of management of the national economy have apart from the general, also their special purpose. Socialist economy gradually advances towards this system and parallelly with this it trains for it workers of the necessary qualifications.

(8) This sphere of tasks, that can be solved with the aid of structural balances, must, however, not be substituted for the proper problems of determining the priorities of national economy in long-term planning. In our tasks it was assumed that the most important problems are solved in advance, namely the structure of the final production, that means in practice the relation between accumulation and consumption. At present we have sufficient means for solving problems of the first type / checking the priorities , mutual appraisal of changes, etc./ and to utilize fully the advantages of mathematical apparatuses, while for solving the tasks of the second type, mainly for the best possible determination of the relation between accumulation and consumption in the long-term plan and consequently also the inter-sectoral relations of social production, structural balances provide for the time being only a small part of the data. As distinct from the problems of the first type, their systematic arrangement is not sufficiently applicable for these very purposes. This is best reflected in the attempts carried out hitherto to " dynamize mathematical models". They are experiments that may have importance for elucidating relations or as pedagogic instruments, but are not applicable for planning national economy. It should be borne in mind that the criteria of investment relations are rather specific, their reduction to averages / no matter at which point of aggregation / in

the system of structural balances harbours in itself great risks for the creation of totally unreal relations at a qualitatively different degree from that in static balances of inter-sectoral relations.

(9) While in the tasks of the first type all sectors of the national economy play essentially the same role, in the solution of the tasks of the progress of national economy and of its efficiency one must proceed from the role of the respective sector in national economy, and to unfold a whole series of successive links with these most important elements of the development of national economy. This is related to the fact / mentioned above / that the optimum / optimal development of priorities in national economy / cannot be determined mechanically / e.g. by maximalizing consumption at minimal costs, or maximalizing national outcome at minimal consumption in production, as it is frequently done in schematic surveys /, but in the process of the correlation of balances between output and consumption, taking into consideration both the special factors affecting each of these complexes and their inter-relations. This is linked with the primary role played by use-value in socialist economics and the subordinate role of the value-aspect of social reproduction. In concrete analyses this task is concentrated into the problems of analyzing the sectors of final production that ensure the consumption and the capital needs of national economy for the sake of the continuous progress of both these groups, with the consumption of the smallest possible intermediate product. From the point of view of efficiency there is a further group of special problems in connection with the research of foreign trade relations. If we proceed from the priority of use-value, the problem of efficiency would present no difficulties in a closed economy and the questions of the oscillation of prices from value would not play an important role in this case. It would be sufficient to follow the increasing efficiency and examine it in relation to the preceding period, irrespective of the absolute contribution of efficiency from the point of view of individual sectors as, viewed in this way, the interchangeability of individual sectors would be very small. The factor of foreign trade causes, however, great complications and must be taken into consideration for several reasons. First, because each country is a universal consumer, but a specialized producer supplementing its home resources by the necessary import, further the proper international division of labour is one of the factors of savings in social labour. The determination of these savings must be done with regard to the development of the balance of payments, and precisely in this sphere we encounter the greatest number of extra-economic factors that affect the situation and development. Nevertheless the understanding of these influences and their analyses are the prerequisites for the possibility of orienting this development in a favourable direction.

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